

REMARKS

Claims 1-4 and 63-77 were pending in the present application. Applicant amends independent Claims 64, 72, and 77 to clarify claimed subject matter and/or correct informalities. The original specification and drawings support these claim amendments at least at pages 4, 6, 14, 16, and in Figures 6-8. Therefore, these revisions introduce no new matter.

Claims 1-4 and 63-77 are for consideration upon entry of the present Amendment. Applicant requests favorable consideration of this response and allowance of the subject application based on the following remarks.

Claim Rejections under 35 U.S.C. §112, 1st para.

Claims 1-4 and 63-77 stand rejected under 35 U.S.C. §112, first paragraph, as failing to comply with the written description requirement.

Applicant amends **independent Claims 64, 72, and 77** to clarify the subject matter and support may be found in the original specification and drawings at least at pages 4, 6, 14, 16, and in Figures 6-8. Thus, no new matter has been introduced. **Dependent Claims 1-4, 63, 65-71, and 73-76** depend from one of independent Claims 64 and 72 and are allowable by virtue of this dependency.

Applicant respectfully submits that these claims now comply with 35 U.S.C. §112, first paragraph and as a result the rejections are now moot. Applicant respectfully requests that the §112 rejections be withdrawn.

Claim Rejections under 35 U.S.C. §101

Claims 72-76 stand rejected under 35 U.S.C. §101 as being allegedly directed to non-statutory subject matter. Specifically, the Office concluded that Claims 72-76 have no connection to the technological arts because the claims are directed to a computer program per se or data structure of a computer or software and therefore not statutory. Applicant respectfully traverses the rejections. Furthermore, Applicant submits that the Office's rejection is not consistent with the plain meaning of §101 and is contrary to the binding decisions of the United States Court of Appeals for the Federal Circuit.¹

The claims at issue are directed towards a computerized system for determining values of multiple interrelated parameters of an e-commerce transaction across multiple currencies. More particularly, the claimed subject matter relates to a computerized system for linking the multiple interrelated parameters of the e-commerce transaction in one or more feedback loops such that calculating each parameter affects calculating at least some of the other parameters, and calculating the multiple interrelated parameters using output values from one calculation as input values for the next calculation. By focusing the objection solely on the alleged "technological arts" requirement, the Office apparently concedes that the claimed subject matter produces a useful, concrete and tangible result.

A. The Office's Rejection Is Inconsistent with the Plain Text of §101

A proper analysis of whether a claim is directed to statutory subject matter begins with the language of 35 U.S.C. §101, which states:

¹ There is no doubt that the Examiner was required to follow the precedents of the Federal Circuit in interpreting § 101. See Manual of Patent Examining Procedure § 2106 (Rev. 2, May 2004.)

Whoever invents or discovers any new and useful² process, machine, manufacturer, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

In 1981, the United States Supreme Court re-established the broad scope of §101 in Diamond v. Diehr, 450 U.S. 175. Diehr began its analysis by returning to first principles noting that, in cases of statutory construction, the Court must first look to the language of the statute. Id. at 182. The Court then noted the broad language of §101, which contains a simple, concise legislative mandate that a patent may issue for “any new and useful process, machine, manufacture or composition of matter.” Id. See also State Street Bank & Trust Company v. Signature Financial Group, Inc., 149 F. 3d 1368, 1373 (Fed. Cir. 1998) (“The repetitive use of the expansive term “any” in §101 shows Congress’s intent not to place any restrictions on the subject matter for which a patent may be obtained beyond those specifically recited in §101.”)

After reviewing the broad language of the statute, the Diehr court recognized that only “laws of nature, natural phenomenon, and abstract ideas” are excluded from patentability under §101. 450 U.S. at 185. The Court explained the rationale behind the narrow limitation:

“[A] new mineral discovered in the earth or a new plant found in the wild is not patentable subject matter. Likewise, Einstein could not patent his celebrated law that $E=mc^2$ nor could Newton have patented the law of gravity. Such discoveries are manifestations of ...nature, free to all men and reserved exclusively to none.”

Id. (quoting Chakrabarty, 447 U.S. at 309).

² “Useful” is defined as: “capable of being put to use: serviceable; esp.: having utility.” Webster’s New Collegiate Dictionary p. 1279 (1973); Diamond v. Chakrabarty, 447 U.S. 303, 308 (1980) (words in § 101 should be given their “ordinary, contemporary, common meaning”).

Measured against the plain text of §101 and the fundamental teachings of Diehr, the claims at issue are clearly directed to statutory subject matter. One cannot equate a system for determining values of multiple interrelated parameters of an e-commerce transaction across multiple currencies with a law of nature or a natural phenomenon. Further, while the claimed subject matter utilizes mathematics and financial principles to isolate risk, the claimed subject matter is applying these principles to solve a particular problem in a tangible, concrete and useful manner.

The fundamental concepts re-established in Diehr reveal that the Office's rejection is inappropriate. First, the rejection turns the plain text of §101 on its head. §101 unambiguously applies to any new and useful process. 35 U.S.C. § 101.³ Nevertheless, the Office concluded that a new and useful process is only patentable subject matter if the process has some undefined connection to the "technological arts." Simply put, "any new and useful process" in §101 does not mean, under the Office's analysis, "any new and useful process." Rather, the Office has added an extra requirement that is not justified by the plain language of the statute. Diehr, 450 U.S. at 182 ("courts should not read into the patent laws limitations and conditions which the legislature has not expressed."); Alappat, 33 F.3d at 1582 (Rader, J. concurring) ("§101 does not suggest that patent protection extends to some subcategories of processes or machines and not to others. The Act simply does not extend coverage to some new and useful inventions and deny it to others.").

³ "Process" is defined in 35 U.S.C. § 100(b) to encompass: "[a] process, art or method, and includes a new use of a known process, machine, manufacturer, composition of matter or material."

B. The Office's Rejection Cannot Be Reconciled With Recent Decisions of the Federal Circuit

In addition to running afoul of the plain text of the statute, the Office's rejection ignores the fundamental teachings of the Federal Circuit regarding the scope of §101. When those binding precedents are applied to the claims at issue, it is clear that they are directed to statutory subject matter.

The first such case is State Street. The claimed invention in State Street involved the application of a mathematical algorithm to manage a new form of financial structure. The District Court had applied two judicially-created exceptions – the mathematical algorithm exception and the business method exception – in finding the claims were not directed to statutory subject matter. The Federal Circuit reversed. As for the presence of a mathematical algorithm, the Court stated:

Unpatentable mathematical algorithms are identifiable by showing they are merely abstract ideas constituting disembodied concepts or truths that are not “useful.” From a practical standpoint, this means that to be patentable an algorithm must be applied in a “useful” way. In Alappat, we held that data, transformed by a machine through a series of mathematical calculations to produce a smooth waveform display on a rasterizer monitor, constituted a practical application of an abstract idea (a mathematical algorithm, formula, or calculation), because it produced “a useful, concrete and tangible result” – the smooth waveform.

Similarly, in Arrhythmia Research Technology Inc. v. Corazonix Corp., 958 F.2d 1053, 22 USPQ2d 1033 (Fed. Cir. 1992), we held that the transformation of electrocardiograph signals from a patient’s heartbeat by a machine through a series of mathematical calculations constituted a practical application of an abstract idea (a mathematical algorithm, formula, or calculation), because it corresponded to a useful, concrete or tangible thing – the condition of a patient’s heart.

Today, we hold that the transformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price, constitutes a practical application of a mathematical algorithm, formula, or calculation, because it produces “a useful, concrete and tangible result” – a final share price momentarily fixed

for recording and reporting purposes and even accepted and relied upon by regulatory authorities and in subsequent trades.

State Street, 149 F.3d at 1373.

Several aspects of this explicit holding highlight the bases of the Office's error.

First, the State Street Court properly focused the §101 analysis not on whether an algorithm was present but on whether the algorithm was being applied to produce a "useful, concrete and tangible result." If such a result is produced, the claimed invention is not an abstract idea and the §101 test is satisfied. Second, the Federal Circuit expressly held that the calculation of a share price for use in managing a financial structure produces "a useful, concrete and tangible result." Id. Unless there is some principled distinction between an apparatus claim – such as at issue in State Street – and a process claim – such as at issue here – calculating a share price by means of a process should be statutory subject matter. Put differently, if the result obtained by a machine is useful, concrete and tangible the only logical conclusion is that a process obtaining the same result is as well.

The Federal Circuit also debunked the Office's argument that the holding in State Street is somehow limited to machine claims:

The question of whether a claim encompasses statutory subject matter should not focus on which of the four categories of subject matter a claim is directed to – process, machine, manufacture, or composition of matter – but rather on the essential characteristics of the subject matter, in particular, its practical utility . . . For purposes of our analysis, as noted above, claim 1 is directed to a machine programmed with . . . software and admittedly produces a "useful, concrete, and tangible result." This renders it statutory subject matter, even if the useful result is expressed in numbers, such as price, profit, percentage, cost, or loss.

Id. 1375 (emphasis in original) (internal citations omitted).

The Office's rejection directly violates the above precedent. Under the Office's analysis, a machine claim for determining values of multiple interrelated parameters of an

e-commerce transaction across multiple currencies isolates risk in a financial transaction is patentable subject matter while a process claim is not. Both inventions, however, produce the same result and have the same practical utility. Only by focusing on which of the four categories of subject matter the claim is directed to – machine or process – can the Office approve one claim and reject another. This approach, however, was specifically proscribed by the Federal Circuit in State Street and conclusively demonstrates the Office’s error.

State Street also emphatically rejected the District Court’s business method rejection stating “we take this opportunity to lay this ill-conceived exception to rest.” Id. at 1375. As the Court explained: “Since the 1952 Patent Act, business methods have been, and should have been, subject to the same legal requirements for patentability as applied to any other process or method.” Id.⁴ Consequently, the fact that the claims at issue are utilized to a computerized system for determining values of multiple interrelated parameters of an e-commerce transaction across multiple currencies (a business method) should play no role in the §101 analysis. Rather, the focus should be on whether the claimed method produces a useful, concrete and tangible result.

The Office’s strained and narrow interpretation of State Street combined with his sweeping interpretation of snippets from authorities that are three decades old, leads to one inevitable conclusion: the Office is attempting to resurrect the business method exception discredited in State Street under another name. Such a tactic is inappropriate, runs afoul of the Office’s requirement to follow Federal Circuit precedent and renders the Office’s rejection arbitrary and capricious.

⁴ Judge Rich authored the Opinion in State Street. His view of the intent of the 1952 Act should be given considerable weight as he was one of its primary authors.

The invention at issue in AT&T Corp. v. Excel Communications, Inc. 172 F. 3d 1352 (Fed. Cir. 1999) involved method claims designed to operate a telecommunications system with multiple long-distance service providers. Id. at 1353. More specifically, the invention describes a message record for long-distance telephone calls that is enhanced by adding a primary interexchange carrier ("PIC") indicator. Id. While the claims included both method and apparatus claims, only the method claims were asserted against Excel. The District Court concluded that the claims ran afoul of the mathematical exception to patentable subject matter and that the only physical step in the claims involved data-gathering for the algorithm. Id. at 1355.

Unlike the Office, the Federal Circuit rejected a narrow reading of §101 and broadly interpreted State Street in reversing the District Court. The AT&T Court, like the Court in State Street, began its analysis by examining the broad language of the statute. Id. The court then focused on the presence of a mathematical algorithm:

The State Street formulation, that a mathematical algorithm may be an integral part of patentable subject matter such as a machine or process if the claimed invention as a whole is applied in a "useful" manner, follows the approach taken by this Court en banc in In re Alappat, 33 F.3d 1526, 31 USPQ 2d 1545 (Fed. Cir. 1994). In Alappat, we set out our understanding of the Supreme Court's limitations on the patentability of mathematical subject matter and concluded that:

[The Court] never intended to create an overly broad, fourth category of [mathematical] subject matter excluded from § 101. Rather, at the core of the Court's analysis . . . lies an attempt by the Court to explain a rather straightforward concept, namely that certain types of mathematical subject matter, standing alone, represent nothing more than abstract ideas until reduced to some type of practical application and thus that subject matter is not, in and of itself, entitled to patent protection.

Id. at 1543, 31 USPQ 2d at 1556-57 (emphasis added). Thus, the Alappat inquiry simply requires an examination of the contested claims to see if the claimed subject matter as a whole is disembodied mathematical concept representing nothing more than a "law of nature" or an "abstract

idea," or if the mathematical concept has been reduced to some practical application rendering it "useful".

172 F. 3d at 1357.

Tellingly, the Office did not follow the approach set out above. Rather, the Office focused on the nature of the subject matter claimed to conclude that application of mathematics to produce a useful result is not enough to render a claim statutory subject matter where a process is involved instead of a machine. Again, the Office's approach is driven entirely by the nature of the subject matter and not its functional utility.

The AT&T Court directly rejected this approach:

In both Alappat and State Street, the claim was for a machine that achieved certain results. In the case before us, because Excel does not own or operate the facilities over which its calls are placed, AT&T did not charge Excel with infringement of its apparatus claims, but limited its infringement charge to the specified method or process claims. Whether stated implicitly or explicitly, we consider the scope of § 101 to be the same regardless of the form-machine or process-in which a particular claim is drafted. See e.g. In re Alappat, 33 F.3d at 1581, 31 USPQ 2d at 1589 (Rader, J. concurring) ("Judge Rich, with whom I fully concur, reads Alappat's application as claiming a machine. In fact, whether the invention is a process or a machine is irrelevant. The language of the Patent Act itself, as well as Supreme Court rulings, clarifies that Alappat's invention fits comfortably within 35 U.S.C. § 101 whether viewed as a process or a machine."); State Street 149 F.3d at 1372; 47 USPQ 2d at 1600 ("[f]or the purposes of a § 101 analysis, it is of little relevance whether claim 1 is directed to a 'machine' or a 'process' . . .") Furthermore, the Supreme Court's decisions in Diehr, Benson, and Flook, all of which involved method (i.e., process) claims, have provided and supported the principles which we apply to both machine and process-type claims. Thus, we are comfortable in applying our reasoning in Alappat and State Street to the method claims at issue in this case.

Id. at 1357-58.

When that reasoning was applied to the process claims at issue in AT&T, the Federal Circuit easily concluded that the claims were statutory. Indeed, the reasoning applied in AT&T is directly relevant to understanding the Office's error:

In this case, Excel argues, correctly, that the PIC indicator value is derived using a simple mathematical principle (p and q). But that is not determinative because AT&T does not claim the Boolean principle as such or attempt to forestall its use in any other application. It is clear from the written description of the '184 patent that AT&T is only claiming a process in order to determine the value of the PIC indicator. The PIC indicator represents information about the call recipient's PIC, a useful, non-abstract result that facilitates differential billing of long-distance calls Because the claimed process applies the Boolean principle to produce a useful, concrete, tangible result without preempting other uses of the mathematical principle, on its face the claimed process comfortably falls within the scope of § 101.

Id. at 1588.

Here, the fact that the claimed subject matter applies mathematical and financial principles is not the issue. Instead, the Office should have focused on whether those principles are being applied to produce a useful concrete and tangible result without preempting other uses of the principle. If the Office had followed the proper approach, the Office too would have concluded that the claimed process falls comfortably within the scope of §101.

Additionally, the AT&T Court rejected Excel's arguments that the method claims were not statutory because there was no "physical transformation" and the claims lacked any physical limitations. Id. at 1359. In doing so, the Court distinguished earlier decisions that did not focus on "the ultimate issue" – whether the claim as a whole is directed to statutory subject matter by examining whether the method produces a useful, concrete and tangible result. Id.

One example is particularly helpful in understanding a proper vs. improper § 101 analysis. Again, the Federal Circuit explained it clearly:

[I]n In re Grams, the Court applied the Freeman-Walter-Abele test and concluded that the only physical step in the claimed process involved data-gathering; thus, the claims were held to be directed to unpatentable

subject matter. See 888 F.2d 835, 839, 12 USPQ 2d 1824, 1829 (Fed. Cir. 1989). In contrast, our inquiry here focuses on whether the mathematical algorithm is applied in a practical manner to produce a useful result. In re Grams is unhelpful because the panel in that case did not ascertain if the end result of the claimed process was useful, concrete and tangible.

Id. at 1360.

The Office's rejection falls into the same trap. No mention or analysis is done regarding the critical issue – whether the claimed process produces a useful, concrete and tangible result. Indeed, if such an analysis were conducted there is no doubt that a computerized system for determining values of multiple interrelated parameters of an e-commerce transaction across multiple currencies produces such a result. Rather, the Office focuses on the physical limitations of the claims to determine if some connection to a computer or technology is involved. In short, the Office follows the same approach as the panel in Grams. That approach, however, was rejected by AT&T as unhelpful and inapposite.

C. The Examiner's "Technological Arts" Requirement Is Not Supported by the Act or the Relevant Case Law

A simple example drawn from the claims at issue illustrates why the Office's approach is both flawed and unworkable. If the claims at issue recited that a computer is used to calculate an average or that some other mechanical device is utilized in conjunction with a particular step in the method, the claim would presumably be statutory under the Office's approach. The steps of the claim, however, would be the same as would the claim's functional utility. See Cochrane v. Deener, 94 U.S. 780, 787 (1877) ("That a process may be patentable, irrespective of the particular form of the instrumentalities used, cannot be disputed."); AT&T, 172 F.3d at 1359 ("Excel also contends that because the

process claims at issue lack physical limitations set forth in the patent, the claims are not patentable subject matter. This argument reflects a misunderstanding of our case law. . . . Since the claims at issue in this case are directed to a process in the first instance, a structural inquiry is unnecessary.”). Indeed, whether the method is producing a useful, concrete and tangible result is completely divorced from the Office’s analysis.

Moreover, the Office does not articulate the relationship that technology must have to the claims to render them statutory. Here, the steps involve a computerized system for determining values of multiple interrelated parameters of an e-commerce transaction across multiple currencies. Those steps clearly exist in the physical world and are not dependent upon aesthetic, emotional or normative reactions of a human actor. Further, there is no question that the steps will be carried out utilizing technology (i.e. a computer, a word processor, etc.). In this respect, the process at issue is no different than a surgical method or a process to mill flour: the order in which things are performed is primary and the technology involved is known and of little matter. In such a case, the focus should be on whether the process is abstract or whether the process produces a useful, concrete or tangible result – not on whether the underlying technology in carrying out the steps happens to be mentioned.

In fact, the Office’s entire approach fails to account for the nature of a process. A “process” differs fundamentally from the other three classes (machine, manufacture and composition of matter), in that a process is not a structural entity but rather a series of steps leading to a useful result. See Mehl/Biophile International Corp. v. Milgraum, 8 F. Supp. 2d 434, 446, 47 USPQ 2d 1248, 1257 (D.N.J. 1998), aff’d, 192 F. 3d 1362, 52 USPQ 2d 1303 (Fed. Cir. 1999); Ex parte Murray, 9 USPQ 2d 1819, 1820 (Bd. Pat. App. & Int’f.

1988) (“a series of steps is a “process” within the meaning of § 101 unless it falls within a judicially determined category of nonstatutory subject matter exceptions.”). The claims at issue clearly constitute a series of steps leading to a useful result – a computerized system for determining values of multiple interrelated parameters of an e-commerce transaction across multiple currencies. Indeed, the Office does not even attempt to argue to the contrary. Unless the claims fall into one of the three exceptions – natural phenomenon, law of nature or abstract idea – the claims are statutory.

In any event, a process for a computerized system for determining values of multiple interrelated parameters of an e-commerce transaction across multiple currencies is not an abstraction. The real world benefits of such a process are no less useful because they are felt on Wall Street rather than Main Street. As the Supreme Court recognized long ago: “The Act embodied Jefferson’s philosophy that ‘ingenuity should receive a liberal encouragement.’” *Chakrabarty*, 447 U.S. at 308-09 (quoting 5 Writings of Thomas Jefferson, at 75-76). For this reason, § 101 is broadly drafted to include “anything under the sun that is made by man.” *Id.* The Office seems to have lost sight of these basic tenets and, therefore, Applicant respectfully request the rejections be reversed.

Claim Rejections under 35 U.S.C. §102

Claims 64-69, 71-77, and 2-3 are rejected under 35 U.S.C. §102(b) as being anticipated by U.S. Patent Number 6,460,020 to Pool et al. (hereinafter “Pool”). Applicant respectfully traverses this rejection. Anticipation under §102 requires that each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference (MPEP §2131).

Without conceding the propriety of the stated rejections, and only to advance the prosecution of this application, Applicant has amended **independent Claim 64**, to clarify further features of the subject matter. Claim 64 now recites:

A computer-implemented method for determining values of multiple interrelated parameters of an e-commerce transaction across multiple currencies to manage a sales risk, comprising:

linking the multiple interrelated parameters of the e-commerce transaction in one or more feedback loops such that calculating each parameter affects calculating at least some of the other parameters;

wherein calculating each parameter provides an output value used as one of multiple input values for calculating at least some of the other parameters, and calculating each parameter uses as input the output values from calculating at least some of the other parameters; and

calculating the multiple interrelated parameters using output values from one calculation as input values for the next calculation until values within respective thresholds are achieved for each parameter.

Pool Fails to Disclose Calculating the Multiple Interrelated Parameters...Parameter.

Pool is directed towards an international transaction system providing pre-transactional calculations (Abstract). In Pool, a buyer selects a language from a menu, selects a catalogue and a product to purchase, selects a currency, and makes a request for a destination for shipping (Fig. 1A, col. 4, line 50; col. 5, lines 11-12, 34-35; col. 6, lines 42-43). In Pool, the customer inputs the destination for purposes of calculating the cost for packaging, shipping, taxes, duties, insurance, etc. to select correct freight charge (col. 7, lines 28-33).

In setting forth a ground of rejection, the Office states that Claim 64 is disclosed by Pool at col. 7, lines 28-42, the citation is reproduced below for convenience.

Pool at col. 7, lines 28-42:

At step 126, the customer inputs the destination for purposes of calculating the cost of delivering the selected product or products to that destination. This

information, in conjunction with the commodity code triggers the particular calculations for packaging, shipping, taxes, duties, insurance etc. of the rest of the transaction process. This is necessary to select the correct freight routes and charge. If, for example, the destination point is within the vendor's country of origin (a determination made at step 126), the calculation of transport charges and duties is much simplified. Calculation of standard freight charges is provided, along with the optional insurance and any other charges, to the customer at step 127. This information can be displayed on the screen as soon as the customer indicates the destination point due to the simplicity of the calculations.

In addition, the Office states Claim 64 is disclosed by Pool in Appendix II, cols. 15-16. Applicant respectfully disagrees. Appendix II merely shows freight options a customer can select from and four different ways to calculate air and sea transport costs in metric units and standard English units (col. 7, line 63 to col. 8, line 3).

The evidence cited does not disclose "calculating the multiple interrelated parameters using output values from one calculation as input values for the next calculation until values within respective thresholds are achieved for each parameter", as recited in Applicant's Claim 64. In contrast, the buyer in Pool makes multiple selections to arrive at a price, which are not multiple interrelated parameters using output values from calculation as input values for the next calculation. Furthermore, the calculations used for delivery of the product in Pool, do not describe "until values within respective thresholds are achieved for each parameter", as in Applicant's Claim 64. Thus, there is insufficient evidence to support a *prima facie* anticipation rejection of Applicant's Claim 64. Applicant respectfully submits that Claim 64 is not anticipated by Pool and requests that the §102 rejection be withdrawn.

Independent Claims 72 and 77 are directed to computerized systems, and each is allowable for reasons similar to those discussed above with respect to Claim 64. For example, Pool fails to disclose "a computerized system for determining value of multiple

interrelated parameters of an e-commerce transaction across multiple currencies comprising calculating the multiple interrelated parameters using output values from one calculation as input values for the next calculation until values within respective thresholds are achieved for each parameter”, as recited in Applicant’s **Claim 72**. Furthermore, Pool fails to disclose “a computerized system comprising means for calculating the multiple interrelated parameters using output values from one calculation as input values for the next calculation until values within respective thresholds are achieved for each parameter”, as recited in Applicant’s **Claim 77**. Applicant respectfully requests that the rejection of Claims 72 and 77 be withdrawn.

Dependent Claims 65-69, 71, 73-76, and 2-3 depend directly or indirectly from one of independent Claims 64 and 72 and are allowable by virtue of this dependency. These claims are also allowable for their own recited features that, in combination with those recited in Claims 64 and 72, are not disclosed by Pool. As each and every element is not disclosed by Pool, Applicant respectfully requests that the §102 rejection be withdrawn.

Claim Rejections under 35 U.S.C. §103

Dependent Claims 1, 4, 63, and 70 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,460,020 to Pool as applied to Claim 64 above, in view of U.S. Patent No. 5,897,621 to Boesch et al. (hereinafter “Boesch”). Applicant respectfully traverses the rejection.

As explained above with respect to the rejection under 35 U.S.C. §102(b), Applicant submits that Pool fails to disclose the features of independent Claims 64 and 72.

Dependent claims 1, 4, 63, and 70 depend directly or indirectly from one of independent Claims 64 and 72 and are allowable by virtue of this dependency. These dependent claims are also allowable for their own recited features that, in combination with those recited in Claims 64 and 72, are not taught, or suggested by Pool or Boesch.

Turning to **Dependent Claim 1**, which recites the computer-implemented method as recited in claim 64, further comprising:

determining a cost for credit to be extended to a participant of the e-commerce transaction, wherein the credit is extended based upon one or more of the parameters comprising a volume of business a credit provider conducts with a participant, a type of deliverable and collateral for the credit;

calculating a cost for exchange of a first currency to a second currency, wherein the cost of exchange is based upon one or more of the parameters comprising currencies involved in the transaction, an aggregate volume of currency exchanged by the participant and the amount of the associated transaction, and is effective for a predetermined period of time; and

calculating an aggregate price to the customer for the good or service, wherein the aggregate price comprises an aggregate of the cost of credit, the cost for exchange of currency and the amount of first currency relating to the price of the deliverable.

Pool and Boesch Fail to Teach or Suggest Determining a Cost for Credit

First, Applicant asserts the Office has failed to establish a *prima facie* case of obviousness. The Office states that Pool does not explicitly teach the features of Claims 1 and 70 (Office Action, pg. 8). Applicant agrees with this assessment.

However, Boesch does not compensate for the deficiencies of Pool. Boesch is directed towards a system and method for determining approval of a multi-currency transaction (Abstract). The server accounts in Boesch represent real cash, credit, etc., corresponding to the electronic funds stored in the customer and merchant accounts (col. 4, lines 21-24). The local accounts of the customer and merchant are sometimes referred in

the art as “wallets” and “cash register”, respectively (col. 4, lines 29-30). Virtual and actual settlement represent movement of the electronic funds to a merchant account (col. 6, lines 21-22, 28-30). A customer user may have access to amounts in a plurality of customer currencies (col. 11, lines 7-8).

In contrast, Applicant's Claim 1 is for determining a cost for credit to be extended to a participant of the e-commerce transaction, wherein the credit is extended based upon one or more of the parameters comprising a volume of business a credit provider conducts with a participant, a type of deliverable and collateral for the credit. Nowhere in Boesch is there any discussion or mention of determining a cost for credit to be extended and how the credit is extended (e.g., volume of business, type of deliverable, and collateral).

Thus, Pool and Boesch, alone or in combination, do not teach or suggest “determining a cost for credit to be extended to a participant of the e-commerce transaction, wherein the credit is extended based upon one or more of the parameters comprising a volume of business a credit provider conducts with a participant, a type of deliverable and collateral for the credit”, as recited in Applicant's Claim 1. Accordingly, Applicant submits that the evidence relied upon by the Office does not support the rejections made under §103(a).

Modification Renders Primary Reference Unsatisfactory for Intended Purpose

Second, the MPEP states, “if proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification” (MPEP §2143.01 V.) For example, using Boesch's transaction system in Pool would render Pool unsatisfactory for

its intended purpose. In particular, the transaction system of Pool would be rendered unsatisfactory in receiving the destination input and calculating the cost of delivering the selected product, such as packaging, shipping, taxes, duties, insurance, if modified by the teachings of Boesch's multi-currency transaction system. In addition, Pool checks with the vendor that the products are available through a database, before choosing the various transport options. Therefore, the modification presented would render Pool inoperable. Thus, there can be no motivation to combine the references as proposed.

There is No Suggestion or Motivation to Modify the Primary Reference

Third, to establish a *prima facie* case of obviousness, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings (MPEP §2142). The Office stated the motivation for modifying Pool to include the steps as taught by Boesch is "to ensure that the parameters are linked to and dependent on other parameter, thereby enhancing the effectiveness and functionality of the system" (Office Action, pg. 9).

Applicant reviews the evidence and submits that the Office has failed to provide sufficient evidence to establish motivation for one of ordinary skill in the art, to modify the system of Pool to include the steps of Boesch. There is insufficient evidence in Pool or Boesch to combine their respective teachings and arrive at the subject matter as claimed. Furthermore, Pool already interacts with the various databases (col. 4, line 2) to provide all the necessary information to complete a transaction (col. 4, lines 21-22). There is no need to combine the two references, as modifying Pool would not enhance the effectiveness and

functionality of Pool. Rather, the modification would slow down the system of Pool (e.g., the delivery and freight routes). The asserted motivation relies on hindsight without evidence of teaching or suggestion to propose the suggested combination. Thus, this rejection is improper for this additional reason.

Dependent Claim 70 is allowable for reasons similar to those discussed above with respect to Claim 1. For example, Pool and Boesch fail to disclose, teach or suggest “a cost of credit parameter partly determines and is partly determined by a sales price parameter; wherein the cost of credit parameter is partly determined by a creditworthiness parameter; and wherein the sales price parameter is partly determined by the creditworthiness parameter”, as recited in Applicant’s Claim 70.

Turning to **dependent Claim 4**, Pool and Boesch fail to disclose, teach or suggest “discounting the cost for exchange according to a volume discount”, as recited in Applicant’s Claim 4. Nowhere is there any mention or discussion of this feature in the references. As Pool and Boesch, alone or in combination, do not teach or suggest this feature, Applicant respectfully requests that the rejection of Claim 4 be withdrawn.

Regarding **dependent Claim 63**, Pool and Boesch fail to disclose, teach or suggest “currency exchange price parameter comprising one or more of: an upper currency exchange price tolerance parameter and a lower currency exchange price tolerance parameter, and a market spot price”, as recited in Applicant’s Claim 63. As, Pool and Boesch, alone or in combination, do not teach or suggest this feature, Applicant respectfully requests that the rejection of Claim 63 be withdrawn.

Applicant respectfully submits that Pool and Boesch do not render the claimed subject matter obvious and that the claimed subject matter, therefore, patentably

distinguishes over the cited references. For all of these reasons, Applicant respectfully request the §103(a) rejection of these claims be withdrawn.

Conclusion

Claims 1-4 and 63-77 are in condition for allowance. Applicant respectfully requests reconsideration and prompt allowance of the subject application. If any issue remains unresolved that would prevent allowance of this case, the Office is requested to contact the undersigned attorney to resolve the issue.

Respectfully Submitted,

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